

**PILOT LOCAL GOVERNMENT  
PARTNERSHIP PROGRAM**

**GUIDELINES FOR DEVELOPING A**

**LOCAL LAND MANAGEMENT  
STRATEGY**

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## **PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

### **GUIDELINES FOR DEVELOPING A LOCAL LAND MANAGEMENT STRATEGY**

#### **THE NEED FOR LOCAL LAND MANAGEMENT STRATEGY**

There are two major reasons for focusing serious attention on the ways in which land is used and will be used in Polish cities. One of them stems from the inefficient spatial structure, which increasingly hampers further growth in urban productivity and thus slows down the attainment of the goals of affordability and livability of urban areas. The other reason stems from formal requirements of the new law on spatial management. Cities that want to adopt new land use plans have to prepare so called Studium of background conditions and directions of land use development. Land management issues need to be explicitly considered within the Studium.

There is an acute need for better use of existing land and space resources in most Polish municipalities aiming to modernize their urban structures and to accommodate the imminent resurgence of urbanization, accelerating growth of service sector, recovery of housing demand, and demise of increasingly obsolete industrial areas. Accommodation of these "megatrends" calls for major modifications to the present distorted land use and spatial patterns with excessive industrial uses often located in central cities, insufficient amount of commercial (services, trade) space and its weak concentration, insufficient residential uses and their wrong location, to name the most conspicuous ones.

The necessary changes can best be achieved, in a market economy, through efficient land markets working in an affordable, incremental and organic way. Local governments are increasingly understanding, that they no longer can afford to be direct providers of land and space, including housing, but instead, they should enable and guide land markets to mobilize resources and do the job of restructuring land use patterns. The market enabling strategies need to focus not only on new production, but, increasingly, on better use of existing land and space resources, which is often less expensive way of achieving similar results. This strategy may use various tools in the areas of assessments of land markets and regulations, lowering of transactions costs, support of land development financing, taxes and ground rents stimulating market activity, promotion of private sector participation, and influencing local and national issues and reforms.

Strategy of management and development of land resources should encompass all land upon which the municipality is built and operates: public, private and cooperative, since all resources should be well used to produce optimal aggregate effects. Besides the market enabling strategies, municipalities need to develop additional strategies focusing on their own land assets, using them actively for rendering of municipal services, for pursuit of various policy goals, and for influencing development of land markets. While land assets used under municipal functions are less flexible, the use of other land assets may assist greatly in pursuing municipal goals in the areas of economic development, financial management, spatial planning, housing policy, environmental protection, as well as enhancing public participation processes.

Consequently, the strategy of management and development of land resources requires two interacting strategies: strategy for enabling land markets to function efficiently, and strategy for management of municipal land assets. The overall land resource strategy helps articulate market mechanisms in coping with such frequent issues of Polish cities as: studios for structure plans, streamlining of permit and approval processes, land readjustment and consolidation, recycling of post-industrial areas, urban revitalization, disposal/acquisition of assets, infrastructure upgrading, privatization, urban affordability and livability. There are many proven tools, which can be used already now if they are put into the proper strategic perspective.

## **FORMING A LAND STRATEGY WORKING GROUP**

The process of strategy development will be greatly helped if a special land strategy working group will be established. The formation of the group will take place through a decision of the executive board, which will assign one of its members (or city manager/secretary) to oversee the process from the political/formal point of view. The group will also have a substantive leader who might be a director of development/strategy department in larger cities and city architect in smaller gminas. Members of such a group might be recruited from such departments/divisions as: architecture and planning, geodesy and land management, infrastructure (city engineer), housing, economic development, city informatician, information and promotion. The group should draw up its work plan and should be able to draw and allocate budgetary funds for various tasks.

The group's work will be to prepare local land management strategy, which will feed into both: (a) overall/global strategy development, and (b) Studium of background conditions and directions of land use development. Setting to perform this work the working group will need to identify the important issues it will want to study in relation to land management. The ideas for these have been presented above, but additional ones are exemplified below:

- Exploring possibilities for financing of land infrastructure
- Exploring ways of reducing plan interpretations uncertainties with appeals (of investors) to regional authorities
- Exploring instruments for stimulating recycling of land uses in valuable locations
- Exploring instruments for more efficient land assembly for non-residential uses

The working group will not be able, however, to undertake any serious activities without gathering the necessary information. This is the fundamental prerequisite for the group because the type of information needed is often not available and has to be generated and/or processed from primary sources.

## **DEVELOPING INFORMATION INFRASTRUCTURE**

The ultimate political goals of affordability and livability can be linked to the issues of land use and land management. These linkages can only be understood if sufficient information is gathered to provide the evidence. Availability of relevant information allows one not only to make the diagnosis of problems, but also to formulate quantifiable strategies and later monitor progress of their implementation. In addition, the land market participants cannot make rational decisions having access to relevant and adequate information. Consequently, the first challenge in strategy development has to be the establishment and institutionalization of relevant and reliable information base on a continuing basis.

This information base can first be used in a diagnostic way to confirm or reject the existence of the often mentioned problems of the post-communist cities, which hamper stronger growth in urban productivity. These problems are typically stated as:

- Excessive spatial dispersion
- Excessive low intensity uses in prime locations
- Excessive land devoted to industrial uses
- Excessive industrial areas in central locations
- Insufficient land devoted to commercial uses
- Insufficient concentration of commercial uses in central locations
- Insufficient land devoted to residential uses
- Excessive presence of high density housing in peripheries
- Excessive presence of low intensity housing in central locations

Consequently, there is a wide scope for rectification of land use patterns and should be the subject for land management strategy, but only after gathering of information regarding present land uses and information about preferences revealed through present market activities (land values, land transactions, building permits). If the information supports the existence of the above problems conclusions may be drawn regarding several "megatrends" affecting development of local land management strategy:

- Resurgence of urbanization process stimulated by the EU accession
- Location of manufacturing activities in middle-sized cities
- Relocation of industry to peripheral industrial locations (zones)
- Spectacular development of services locating in central districts
- Reduction of commuting through moving into the city boundaries
- Relocation of garden plots and military uses to peripheral locations
- Conversion of post-industrial central areas into commercial/residential uses
- In-fill development of valuable vacant land with high intensity uses
- Renovation of most valuable housing stock in central locations
- Remodeling of suburban block housing in lower density dwellings

These trends will force the cities to consider accommodating or preventing strong migration pressures as well as strong commuting pressures (employment, regional services) and

employment localization trends. This will be especially true for the cities with strong economic performance, since it will draw strong migration pressures and the need to accommodate it in such as way as to counteract excessive housing cost (prices, rents) increases on the local housing markets. Land market constitutes an integral part of local and regional economy and the one, which to high degree can be managed by the city through its planning, fiscal, infrastructure and land ownership powers.

Establishment of a local land use information system should consider both general socio-economic data such as employment, population and incomes, as well as three general monitoring areas related more directly to land:

- Evaluation of local land market through mapping of values, transactions, construction activity and ownership pattern
- Evaluation of existing land uses and comparison to the existing land use plan through mapping of population density and selected employment functions
- Evaluation of public sector investment by mapping existing infrastructure and ongoing and future investments (both local and state governments)

Institutionalization of such monitoring activity in a local administration should take into account the need to establish a formal group of people dealing with the monitoring effort on a periodic and systematic basis. In larger cities it may well be possible to institute a separate unit reporting to department of development or of promotion. If this is not done the responsibility and power of those working with the monitoring effort will be diluted and with time lost. Making the reporting of monitoring a statutory requirement of the city council, or at least executive board, should secure that it has to be continued.

The monitoring effort should be realistically dimensioned. It has been a typical mistake in some cities to take on an overly ambitious effort without prior estimation of required human and financial effort and cost as well as necessary equipment. This process should be started with listing of the potential time effort (number of days per quarter), who would be performing it, how financial resources would be involve (salary) and what equipment costs would need to be incurred. The typical list of monitoring products should involve:

- Map of land values/prices (sales, valuations, perpetual leaseholds)
- Map of land transactions (market, city auctions)
- Map of construction activity (building permits, completions)
- Map of actual land use functions (industry, services, agriculture, residential)
- Map of population densities in various built-up areas (people/ha)
- Map of infrastructure systems catchment (water, sewer, roads, gas)
- Map of major public investments and vacant greenfield investment areas
- Map of land ownership pattern (state, municipal, private, institutional)

The land strategy working group will need to analyze if human, financial and time constraints will allow it the full development of all the desired monitoring products.

Consequently, prioritization will have to be done as well as efforts to rationalize the costs considered. The group will ask relevant people to prepare personnel, time and money budgets for each of the products and then discuss possible reductions (if any).

Once a decision is taken regarding the monitoring program tasks will be written up and time schedule established including progress review meetings of the working group to discuss emerging outcomes and their significance for strategy formulation or revision.

## **FORMULATING STRATEGIC GOALS, ISSUES, DIRECTIONS AND TASKS**

While the monitoring work is going on, the working group will start preparing for the process of land strategy development. The basis assumptions will need to be restated and will probably center around the overall local political goals of affordability and livability of the city and their linkage to land management. This will in turn be linked to spatial aspects of population and employment, since all that is happening on land is dependent on these two broad socio-economic factors. An important underlying set of problems will probably be related to excessive and wasteful dispersion of population and employment in disharmony with the market-driven land value pattern, as was mentioned above.

The land management working group will need to familiarize with the goals of the gmina global development strategy. If such do not exist the group will need to initiate discussions with the political leadership in order to ascertain these goals. The goals will then need to be converted to land management strategic goals and will usually be related to employment, population, spatial structure and land use pattern. These goals might often refer to achieving certain targets of population and employment growth, certain compactness of urbanized area, or certain intensity of average land use.

Based on strategic goals, strategic issues will be listed to frame the formulation of land management strategy. These will be problems to be resolved in reference to the land management strategic goals such as, for example, the question about how dense the city should be and at what point of population and employment growth allow for further expansion outward. Another example might be how to assure that increasing population will not exert excessive demand pressure on land as to cause faster growth of land costs, and therefore new housing prices, than the growth of household incomes.

Having identified the strategic issues the time will come to start working with strategy formulation. This effort should be divided into two strategic components each having its own policy directions. One set of policies will focus on enabling local land markets to work efficiently. This will often produce the following policy directions for land management:

- Reducing risk levels in the local land market
- Reducing transaction costs in the local land market

- Increasing the quantity of marketable land
- Reducing planning and permitting risk (including time delays risk)
- Preventing the creation of dead investment zones (unaffordable)
- Stimulating land disposal by "suboptimal" owners and users
- Facilitating of land investment financing
- Reinforcing the trend to invest in centrally located land areas
- Reinforcing the trend to recycle garden plots and post industrial areas

Policy directions will need to be converted into policy implementation tasks. In reference to the above listed policy directions the tasks will often take the following form:

- Monitoring system for data needed by real estate markets
- Guidebook for developers and investors in gmina
- Comprehensive program for land privatization as land supply management tool
- Acceleration of land title clarification process (including private properties)
- Possibility of reducing local transfer taxes and fees
- Possibility of further reduction of time delays in planning/permitting system
- Possibility of issuing credit guarantees for selected investments
- Possibility of increasing zoning precision and transparency to investors
- Possibility of stimulating relocation of industrial uses beyond second ring road
- Possibility of relocating garden plot areas beyond the second ring road
- Possibility of relocating army uses to peripheries

The other strategic component, more oriented at land ownership activities of the city, will be focused on municipal land asset management. This will be associated with effective use of gmina land assets in implementing the objectives of various gmina policies such as:

- Economic development
- Land use planning
- Social welfare
- Housing
- Local finance
- Sports and recreation
- Cultural development

The adoption of such policy directions will be converted into implementation tasks, which might read as in the following:

- Attracting inbound investments to gmina
- Increasing spatial compactness of the city
- Securing access to affordable land for less affluent inhabitants
- Securing land for social and emergency housing purposes



- Securing land for public/private non-profit rental housing initiatives
- Securing a land bank for stabilizing open market interventions
- Securing an assembled land reserve for potential strategic future investors
- Disposing of dispersed land holdings to finance land other land assembly
- Disposing of land holdings to enhance budgetary revenues
- Disposing of land to dampen demand pressures on prices and rents

## CHOOSING IMPLEMENTATION INSTRUMENTS AND ACTION PLAN

Having defined strategic goals, policy directions and implementation tasks the discussion will shift towards choosing possible instruments, which could be used in realizing the various tasks. Four major categories depending on their impact on land market supply and demand sides can be listed:

- Instruments stimulating/increasing land supply
- Instruments discouraging/decreasing land supply
- Instruments weakening/increasing land demand
- Instruments weakening/decreasing land demand

The final selection of implementation instruments needs to answer the following questions:

- How can the instrument be applied in practice?
- Who can use the instrument?
- When can the instrument be used?
- What are the effects of the instrument use?
- How acceptable is the use of the instrument among population?
- How much does it cost to use the instrument?

The instruments that can be used by gmina in attaining various tasks are already available in Poland, although their use might be difficult in some instances. There are also some instruments that do not exist, but would be very useful. The foremost of these instruments is the ad valorem property tax, which gminas should be pushing for at the national political level. The typical instruments available at the present time include:

- Publications of land market indicators
- Sale of municipal land
- Perpetual leaseholds of municipal land
- Faster stock taking of municipal land property
- Changes in land use category of selected areas
- Changes in allowable land use intensity of selected areas
- Changes in minimum building lot sizes

- Assistance to private land owners in regulating land titles
- Exchange of land with private land owners
- Acquiring land from state owned enterprises (upon application)
- Urbanizing agricultural land areas in master plans
- Facilitating land subdivision process
- Special (betterment) assessments for infrastructure improvements
- Property tax exemptions
- Exemptions in ground rents (on perpetual land leaseholds)
- Purchases of land reserves
- Planning reserves for open space, ecology, etc.
- Changes in local land transfer taxes
- Declarations of strategic development areas of the city
- Publications of guidebooks for land developers
- Land readjustment initiatives
- Land expropriations
- Facilitation and simplification of planning approval (decision) procedures
- Facilitation and simplification of building permits procedures
- Changing fees for planning approvals and building permits
- Increasing municipal rental rates
- Grants and rebates with land purchases
- Changing fees for infrastructure hook-ups

The last step is the design of an action plan for a chosen time horizon, which will usually be one year coinciding with the budget year. Actions will typically be divided into programs consisting of tasks and instruments. An important issue, which often is overlooked, concerns institutional dimension of each program requiring that a clear division of competencies be articulated in a formal document instituting the program specifying not only the goals of the program, but also sanctions for failure to realize various tasks.



The outcome of the land management strategy development will not only result in an action plan and its programs. The outcome will also be used in the preparation of the Studium of background conditions and directions of land use development. It will also become a component of the global gmina development strategy and will be subject to periodic reviews and revisions as the new information from the ongoing monitoring effort becomes available.